



**Virginia Alcoholic Beverage  
Control Authority**

## **OPERATING A LICENSED PRIVATE CLUB**

This document comprises a list of instructions based on the relevant laws and regulations governing the operation of a licensed private club in the Commonwealth of Virginia.

**It is highly recommended that all club officers, members, and employees acquaint themselves with these laws and regulations.**

In case of doubt as to the interpretation or application of any rules governing the operation of a club, please address your inquiries with your special agent or directly to Virginia Alcoholic Beverage Control Authority (Virginia ABC).



## OPERATING A LICENSED PRIVATE CLUB

1. In order to retain your license, you must continue to be a private, nonprofit corporation or association, which is the owner, lessee, or occupant of an establishment operated solely for a national, social, patriotic, political, athletic, or other like purpose, but not for pecuniary gain, the advantages of which belong to all of the members.
  - a. Persons who are resident members of other clubs located at least 100 miles from the club licensed by Virginia ABC (the “host club”) and who are accorded privileges in the host club by reason of bona fide, prearranged reciprocal arrangements between the host club and such clubs shall be considered guests of the host club and deemed to have members’ privileges with respect to the use of its facilities. The reciprocal arrangements shall be set out in a written agreement and approved by the Board prior to the exercise of the privileges thereunder.
  - b. The mileage limitations of the above section notwithstanding, members of private, nonprofit clubs or private clubs operated for profit located in separate cities which are licensed by Virginia ABC to operate mixed beverage restaurants on their respective premises and which have written agreements approved by the Board for reciprocal dining privileges may be considered guests of the host club and deemed to have members’ privileges with respect to its dining facilities.
  - c. Any changes in the officers and directors of a club must be reported to Virginia ABC within 30 days, and a certified copy of any change in the charter, articles of association or by-laws shall be furnished to Virginia ABC within 30 days thereafter.
  - d. An organization which has been declared exempt from federal and state income taxes as one which is not organized and operated for pecuniary gain or profit shall be deemed a nonprofit corporation or association the advantages of which belong to all members as long as such exemptions remain in effect.
2. Guest privileges must be sufficiently restrictive to render a club a private place. Virginia ABC shall restrict nonmember use of club premises to maintain the private character of a licensed club.
  - a. A licensed club may (i) hold public events at the licensed premises, such events allowing nonmembers to attend and participate in the event at the licensed premises; or (ii) allow its premises to be used by organizations or groups who obtain banquet or banquet special events licenses. The total number of such events in both categories may not exceed 24 per calendar year.
  - b. A member of a licensed club may sponsor private functions on club premises for an organization or group, of which he is a member, such attendees being guests of the sponsoring member.
  - c. A licensed club may obtain a mixed beverage club events license for on-premises sale and consumption by members and their guests in ABC-approved areas on the club premises. No more than 12 such licenses shall be granted in any calendar year.
  - d. Additionally, there shall be no limitation on the numbers of times a licensed club may allow its premises to be used by organizations or groups if alcoholic beverages are not served at such functions.
3. All members must pay reasonable dues to the club on a monthly, quarterly or annual basis in a manner established by the rules and regulations of the club.
  - a. A club may have “lifetime members” provided the financial contributions of each member is no less than ten times the annual dues of a resident member and the full amount of such contribution is paid in advance in a lump sum.

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- b. A “member of a club” includes a person who is a member of a bona fide auxiliary, local chapter, or squadron composed of direct lineal descendants of a bona fide member, whether alive or deceased, of a national or international organization to which an individual lodge holding a club license is an authorized member in the same locality.
4. A club must maintain complete and accurate records covering its income and disbursements.
  - a. Records should be kept concerning income from initiation fees and dues, purchases and sales of alcoholic beverages, purchases and sales of food and other merchandise, the holding of functions, and income from amusement devices.
  - b. Records must be kept on the club premises for a period of two years, and must be available during business hours for examination by Virginia ABC special agents. Each licensed club must prepare a financial statement for the latest calendar year or fiscal year. **The statement must be prepared and available for inspection on the club premises no later than 120 days next following the last day of the respective calendar or fiscal year, and each such statement must be maintained on the premises for a period of three consecutive years.**
5. A club may not keep on its premises alcoholic beverages owned by it other than those alcoholic beverages which it is licensed to sell or those alcoholic beverages it is authorized by permit of the Board to keep for culinary purposes.
6. Alcoholic beverages other than those which a club is licensed to sell may not be sold on the club premises.
7. A club may keep for its members any alcoholic beverages lawfully acquired by such members, and the members and their guests may consume such alcoholic beverages on the club premises.
8. Alcoholic beverages owned by a member of a club and left on the club premises must be distinguished in an appropriate manner from alcoholic beverages owned by the club or other members.
9. A club may not be left in the charge of any person whose name is not posted in the club in letters not less than one inch in size during the time he is in charge. The person must be able to understand and communicate in the English language in a reasonably satisfactory manner. A person less than 21 years of age may not be left in charge.
10. Wine and beer may be sold only in or from the original containers of the sizes that have been approved by the appropriate federal agency. Wine may be served for on-premises consumption in carafes or decanters not exceeding 52 fluid ounces (1.5 liters) in capacity. Beer may be served for on-premises consumption in pitchers not exceeding 80 fluid ounces in capacity. Do not open containers of wine or beer sold for off-premises consumption and do not allow patrons to carry such merchandise out of your establishment in opened containers. However, wines sold for on-premises consumption may be removed from the premises if not consumed, but only in the original package with closure.
11. Persons under 18 years of age may not be permitted to sell, serve or dispense alcoholic beverages for on-premises consumption. Persons under 21 years of age may not be permitted to prepare, mix or serve alcoholic beverages in the capacity of a bartender; however, a person who is 18 years of age or older may sell or serve beer for on-premises consumption at a counter in an establishment that sells beer only.
12. Persons under 21 years of age may not purchase, possess or consume any alcoholic beverages nor may any alcoholic beverages be purchased for them.
13. Intoxicated persons shall not purchase, possess, or consume alcoholic beverages, nor may such persons be allowed to loiter in your establishment.
14. Do not purchase wine or beer to be dispensed under your license from anyone who is not licensed to sell wine or beer at wholesale.
15. Do not obtain or accept from manufacturers, bottlers or wholesalers of alcoholic beverages any money, equipment, furniture, fixtures or other property except as authorized by law. The equipment listed in Table 1 (below) may be furnished to you for use in your licensed business by manufacturers, bottlers or wholesalers of alcoholic beverages.

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16. Do not employ in your business any person who also is engaged in the manufacturing, bottling or wholesaling of alcoholic beverages, or any employee of any such person.
17. Manufacturers or wholesale licensees may provide the following business entertainment to you:
- Meals and beverages;
  - Concerts, theatre and arts entertainment;
  - Sports participation and entertainment;
  - Entertainment at charitable events; and
  - Private parties.

No more than \$400 per 24-hour period may be spent on any retail licensee or employee of any retail licensee, and no one person may be entertained more than six times by a wholesaler and six times by a manufacturer per calendar year. Such restrictions, however, do not apply to spouses of such individuals. Contact your special agent for further details.

18. Do not purchase alcoholic beverages except for cash paid at the time of or prior to delivery. "Cash" shall include (i) legal tender of the United States, (ii) a money order issued by a duly licensed firm authorized to engage in such business in the Commonwealth, (iii) a valid check drawn upon a bank account in the name of the licensee or permittee or in the trade name of the licensee or permittee making the purchase, or (iv) an electronic fund transfer, initiated by a wholesaler pursuant to subsection D of this section, from a bank account in the name, or trade name, of the retail licensee making a purchase from a wholesaler or the board. If only alcoholic beverage merchandise is being sold, the amount of the checks, money orders or electronic fund transfers shall be no larger than the purchase price of the alcoholic beverages. If nonalcoholic merchandise is also sold to the retailer, the check, money order or electronic fund transfer may be in an amount no larger than the total purchase price of the alcoholic beverages and nonalcoholic beverage merchandise. If a separate invoice is used for the nonalcoholic merchandise, a copy of it shall be attached to the copies of the alcoholic beverage invoices, which are retained in the records of the wholesaler and the retailer. If a single invoice is used for both the alcoholic beverages and nonalcoholic beverage merchandise, the alcoholic beverage items shall be separately identified and totaled.

Each invoice must be signed by the purchasing licensee or his duly authorized agent.

19. A club must allow Virginia ABC special agents free access to its premises at all times during business hours for the purpose of examining and inspecting such place and all records, invoices and accounts therein. If a club desires to keep locked certain closets, lockers and the like, the keys to such areas should be readily available to the person in charge.

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**Table 1: Equipment That May Be Furnished by Manufacturers, Importers, Bottlers, Brokers or Wholesalers**

Type of Equipment	Conditions
Wine and beer bottle openers or can openers	Any manufacturer, bottler or wholesaler of wine or beer may sell or give to any retailer, bottle or can openers upon which advertising matter regarding alcoholic beverages may appear, provided the wholesale value of any such openers given to a retailer by any individual manufacturer, bottler or wholesaler does not exceed \$20. Openers in excess of \$20 in wholesale value may be sold, provided the reasonable open market price is charged therefor.
Novelty and specialty items	Manufacturers, importers, bottlers, brokers, wholesalers or their representatives may give licensed retailers items not in excess of \$10 in wholesale value in quantities equal to the number of employees of the retail establishment present at the time the items are delivered. Thereafter, such employees may wear or display the items on the licensed premises.
Clip-ons and table tents	These may be furnished by wine and beer manufacturers, bottlers or wholesalers.
Draft beer or wine knobs	Such knobs containing advertising matter which shall include the brand name and may further include only trademarks, housemarks and slogans and shall not include any illuminating devices or be otherwise adorned with mechanical devices which are not essential in the dispensing of draft beer or wine.
Tapping equipment	<p>Such equipment is defined as all the parts of the mechanical system required for dispensing draft beer in a normal manner from the carbon dioxide tank through the beer faucet, excluding the following:</p> <ul style="list-style-type: none"> <li>• The carbonic acid gas in containers, except that such gas may be sold only at the reasonable open market price in the locality where sold;</li> <li>• Gas pressure gauges (may be sold at cost);</li> <li>• Draft arms or standards;</li> <li>• Draft boxes; and</li> <li>• Refrigeration equipment or components thereof.</li> </ul> <p>Any manufacturer, importer, bottler, broker, or wholesaler, or their representatives, may sell to any retailer and install in the retailer's establishment dispensing accessories (such as standards, faucets, rods, vents, taps, tap standards, hoses, cold plates, washers, couplings, gas gauges, vent tongues, shanks, and check valves) and carbon dioxide (and other gases used in dispensing equipment) at a price not less than the cost of the industry member who initially purchased them, and if the price is collected within 30 days of the date of sale.</p> <p>Any beer tapping equipment may be converted for wine tapping by the beer wholesaler who originally placed the equipment on the premises of the retail licensee provided that such beer wholesaler is also a wine wholesale licensee. Moreover, at the time such equipment is converted for wine tapping, it must be sold, or have previously been sold, to the retail licensee at a price not less than the initial purchase price paid by such wholesaler.</p>
Draft beer tapping equipment for use by a purchaser from you of draft beer	A manufacturer, bottler or wholesaler may sell, rent or lend to any retailer, for use only by a purchaser of draft beer in kegs or barrels from such retailer, whatever tapping equipment may be necessary for the purchaser to extract such draft beer from its container.

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20. A club may not have on its premises any illegal gambling apparatus, machine or device the possession of which is prohibited by law. It is no longer legal to possess a machine or device, which operates on the coin-in-the slot principle unless it entitles one to receive only an additional chance or right to use the machine. Certain video card games are considered illegal gambling devices. **You should consult with your local Commonwealth's Attorney's Office to determine if any of these electronic gaming devices are legal.**
21. Do not participate in or be a party to any form of illegal gambling in the licensed establishment, such as by operating a "house game," overseeing or supervising games of chance, discounting or redeeming chips or receiving a percentage of the proceeds of such games, charging for seats in such games, and the like. State law provides that Virginia ABC may suspend or revoke an alcoholic beverage license if the holder allows any form of illegal gambling to take place in his establishment. Bingo games and raffles conducted under such premises are subject to special rules, and it is suggested they be ascertained from your special agent.
22. In determining whether an organization is entitled to hold a license, the Board will consider, but is not limited to, the following factors:
  - a. The club's objectives and its compliance with the objectives.
  - b. The club's qualification for tax exempt status from federal and state income taxes.
  - c. The club's permitted use of club premises by nonmembers, including reciprocal arrangements.
23. Do not discriminate against any member of the armed forces of the United States by prices charged or otherwise.
24. Members of clubs may be only natural persons.
25. A wholesaler may not sell or offer to sell alcoholic beverages to a retailer with the privilege of return, except for ordinary and usual commercial reasons as set forth below:
  - a. Products defective at the time of delivery may be replaced;
  - b. Products erroneously delivered may be replaced or money refunded;
  - c. Products of which a manufacturer or importer discontinues production or importation may be returned and money refunded if no lawful exchange under subdivision g of this subsection is available and if prior written approval is provided by the board;
  - d. Resalable draft beer may be returned and money refunded;
  - e. Products in the possession of a retail licensee whose license is terminated by operation of law, voluntary surrender or order of the board may be returned and money refunded upon permit issued by the board;
  - f. Products which have been condemned and are not permitted to be sold in this Commonwealth may be replaced or money refunded upon permit issued by the board; or
  - g. Alcoholic beverages may be exchanged on an identical quantity and brand basis for quality control purposes. Where production of the product has been discontinued, the distributor may exchange the product for a product from the same manufacturer on an identical quantity and comparable wholesale price basis. Any such exchange shall be documented by the word "exchange" on the proper invoice.

If a mixed beverage license is issued to a "club" with a restaurant located on the premises of and operated by the club, mixed beverages may be sold and served in the dining rooms and designated rooms of the restaurant portion and in other rooms on the premises, including private guest rooms.

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A club located on the premises of a hotel or motel may purchase its meals requirements from a restaurant in the hotel or motel for service in the club's restaurant, provided the club and its restaurant qualify for its mixed beverage license in all other respects. A mixed beverage license may be issued to any restaurant that is located on the premises of and operated by a private club exclusively for its members and their guests and that does not restrict its membership on the basis of race, color, creed, national origin or sex, even though the locality has not held a local referendum authorizing the sale of mixed beverages in the locality.